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The Canada Life Assurance Company
121st ANNUAL REPORT



THE CANADA LIFE ASSURANCE COMPANY
ONE HUNDRED AND TWENTY-FIRST

ANNUAL REPORT 1967

HEAD OFFICE — TORONTO, CANADA
THE OLDEST CANADIAN LIFE COMPANY

A mutual company incorporated in Canada
with limited liability

*Chief Office for the United Kingdom and
Republic of Ireland*

6 Charles II Street, St. James's Square, London, S.W.1.

Board of Directors

A. H. LEMMON
President

GRAHAM F. TOWERS, C.M.G., LL.D., D.C.L.
Chairman of the Board

E. C. GILL, LL.D., F.S.A., F.C.I.A.
Vice-Chairman of the Board

J. GORDON BEATTY, M.C., F.I.A., F.S.A., F.C.I.A.
Vice-President

JOHN L. MCCARTHY
Vice-President

A. C. ASHFORTH
*Former President
The Toronto-Dominion Bank*

E. JACQUES COURTOIS, Q.C.
*Smith, Davis, Anglin,
Laing, Weldon & Courtois
Montreal*

NATHANAEL V. DAVIS
*President
Alcan Aluminium Limited
Montreal*

T. S. DUNCANSON
*Director
Moore Corporation, Limited*

RAYMOND DUPUIS, Q.C., LL.D.
*Advocate and Company Director
Montreal*

THE HONOURABLE
LESLIE M. FROST
P.C., Q.C., LL.D., D.C.L.
Lindsay, Ontario

J. ROY GORDON, LL.D.
*Chairman Executive Committee
The International Nickel Company
of Canada, Limited
New York*

J. G. HUNGERFORD, Q.C.
*Chairman
National Trust Company Limited*

J. D. LEITCH
*President
Upper Lakes Shipping Ltd.*

NEIL J. MCKINNON, LL.D.
*Chairman
Canadian Imperial Bank of Commerce*

F. WILLIAM NICKS, D.C.L.
*Chairman of the Board and President
The Bank of Nova Scotia*

ELLMORE C. PATTERSON
*Chairman of the Executive Committee
Morgan Guaranty Trust
Company of New York
New York*

W. K. WHITEFORD, LL.D.
*Director
Gulf Oil Corporation
Pittsburgh*

Management Vice-Presidents

W. J. ADAMS, F.S.A., F.C.I.A.

*Vice-President
and Secretary*

E. H. CRAWFORD

*Vice-President
and Treasurer*

D. M. ELLIS, F.S.A., F.C.I.A.

*Vice-President and
Senior Actuary*

J. S. HARRIS

*Vice-President and
Director of Agencies*

Officers in the United Kingdom and Republic of Ireland

D. D. DENNIS, O.B.E.

Manager (Agency)

D. C. H. POTTER, F.I.A.

Manager (Administration)

P. L. GRAINGE, F.I.A.

Associate Actuary

W. MacKENZIE, M.A.

Resident Treasurer

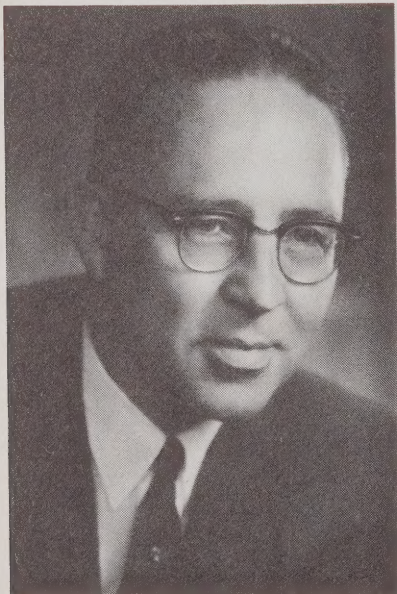
E. P. RONEY, F.C.I.I.

Chief Underwriter

R. J. SQUIRES, F.I.A.

Assistant Actuary

To our Policyholders



In determining the progress of our Company, we have to talk in terms of money. While figures give an idea of size, they do not even begin to hint at the multitude of human interest stories that make up these amounts, for at the Canada Life we deal with the means to improve and enrich the lives of thousands and thousands of people.

We are the means whereby an older person finds more than just a basic existence in retirement. He finds a chance to enjoy his retirement years to the full. We are the means whereby a family whose father has been killed, or is ill, can continue to live in its home without financial fear. We are the means whereby people are reminded of their needs and how their present resources can be made to measure up to them.

The following pages show the great progress the Company is making in providing financial security to our many thousands of policyholders.

A. W. Lemmon

President

Highlights of 1967 compared with previous year

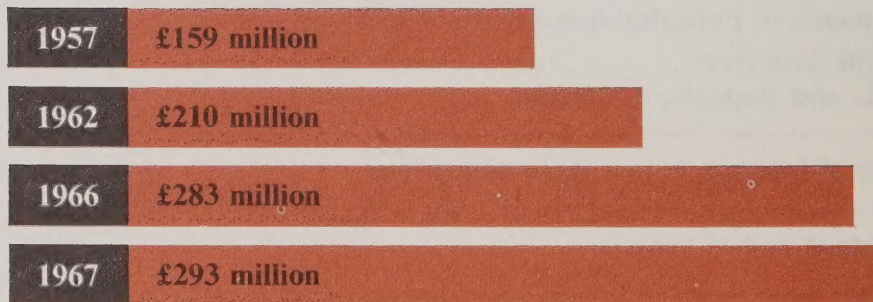
Net New Business Whole Company								1967	1966
Sums Assured	..	..	..	..	..	..	..	£256,928,355	£264,386,440
Annuities	..	..	..	..	..	..	..	1,532,730	1,476,249
Annual Premiums	..	..	..	..	..	..	..	3,875,156	4,337,906
Single Premiums	..	..	..	..	..	..	..	4,559,727	3,294,383
U.K. and Republic of Ireland									
Sums Assured	..	..	..	..	..	..	..	£49,232,583	£41,881,331
Annuities	..	..	..	..	..	..	..	250,592	190,624
Annual Premiums	..	..	..	..	..	..	..	970,692	765,981
Single Premiums	..	..	..	..	..	..	..	1,426,659	800,722
Premium Income									
Whole Company	..	..	..	..	..	..	..	£50,449,332	£47,821,687
U.K. and Republic of Ireland	..	..	..	..	..	..	..	8,624,374	7,140,020
Payments to Policyholders, etc.									
Whole Company	..	..	..	..	..	..	..	£39,413,065	£37,324,469
U.K. and Republic of Ireland	..	..	..	..	..	..	..	4,904,001	4,469,108
Rate of Interest, before deduction of tax									
	..	..	..	..	..	..	..	£6 1 0%	£6 0 0%
Assets at end of year									
	..	..	..	..	..	..	..	£438,511,770	£388,407,846

In this table and throughout this report new business, revenue and expenditure in dollars have been converted at the rate of \$2.80 to the £. On 31st December 1967, the rate of \$2.60 to the £ was adopted and in this report business in force, assets and liabilities in dollars have been revalued accordingly.

New Business

Once again in 1967, Canada Life representatives helped people to attain a greater measure of financial security by arranging more new life insurance and annuities than in any previous year. Including the capital value of annuities, our new business exceeded £293 million, which included £170 million in individual policies and £123 million under group policies.

Included in these figures is £51 million of new business in the United Kingdom and Republic of Ireland, of which the share of the Republic of Ireland was nearly £8½ million. In both these countries the increase over the 1966 figures was most satisfactory.



Business in Force

The total business in force, after excluding business reinsured with other companies, stood at the end of the year at £3,049 million. Dollar figures have been converted at the rate of \$2·60 to the £1 instead of \$2·80 to the £1 as formerly, so this figure is not strictly comparable with the 1966 figure of £2,627 million. Without any change in the rate of conversion, however, the increase in business in force would still have been the largest in the history of the Company.

The business in force in the United Kingdom and the Republic of Ireland (included in this figure) increased by £26 million to £263 million, of which the Republic of Ireland's share was £43 million.

These figures indicate the large extent of provision made by policy-holders for their dependents or their retirement.

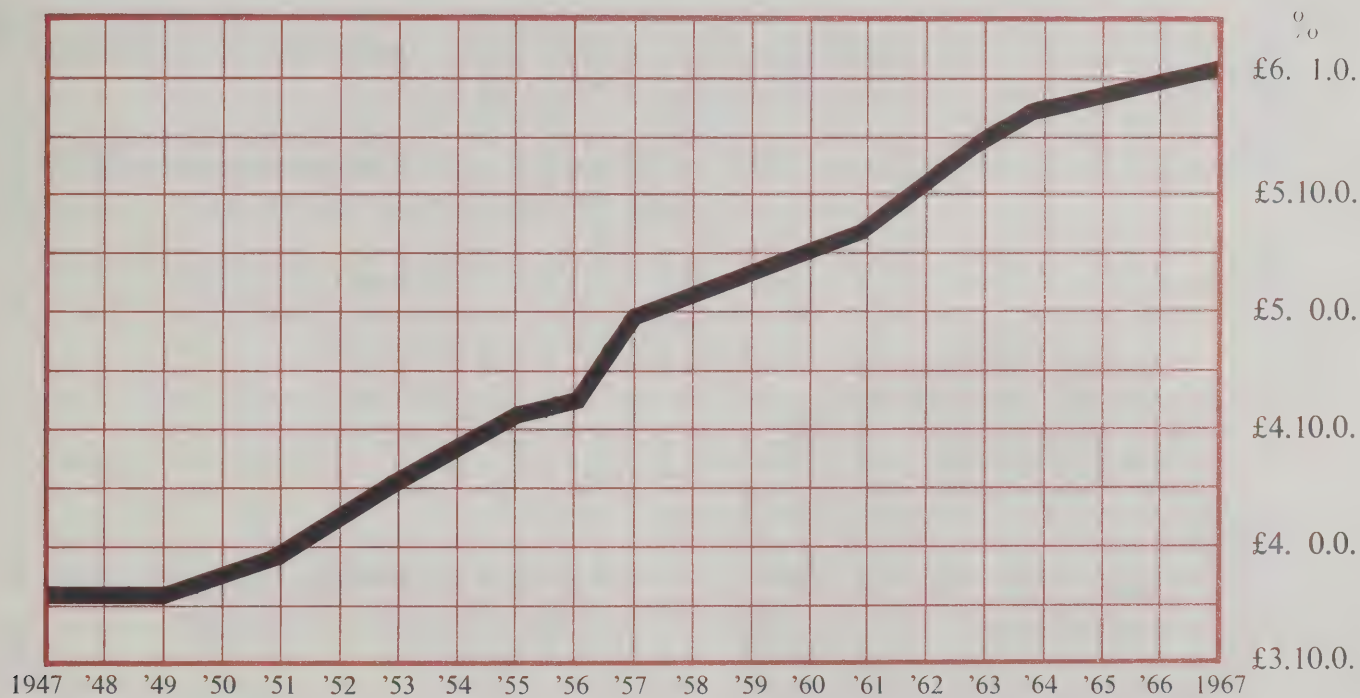
Income

Your Company's income for the year included £50 million of premiums paid by our policyholders for insurance and annuity policies, an increase of nearly £3 million over 1966.

Earnings from interest and dividends on our investment assets increased by more than £1½ million to nearly £23 million. By an active investment policy, we increased our interest rate to £6. 1. 0.%. This increased rate, which has enabled us to lower the effective cost of insurance to our policyholders, is a composite rate. It represents the return on many different types of assets spread over the several countries in which we do business and which have differing financial conditions.

New money in 1967 was invested at approximately 7% which is one of the highest rates at which the Company has invested its new money for many years. Even so, we have, in the case of many investments such as ordinary shares and property, sacrificed an immediate high return in order to obtain higher income in the future.

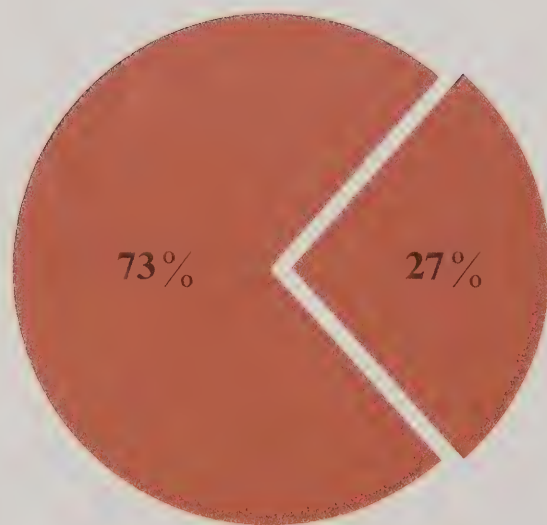
Rate of Interest Earned 1947—1967



Policy Payments

In 1967 the payment of policy benefits totalled £39 million, over £2 million more than in 1966. Of these payments, 73% were made to living policyholders and annuitants.

Included in these figures are bonuses allotted to with-profits policyholders to the value of over £7 million. A substantial part of this was used to provide increased life insurance protection of a far greater amount.



1967 PAYMENTS UNDER POLICY CONTRACTS

To Living Policyholders and Annuitants	73%
To Beneficiaries	27%

Sickness and Accident Insurance

Many of our policyholders have rounded off their life insurance programmes by effecting Non-cancellable Sickness and Accident policies. The Company issued such policies in the United Kingdom to provide benefits of £448,000 as compared with £444,000 in 1966, providing in many cases substantial protection against the long continued illness of the family bread-winner.

In accordance with the Company's policy of adapting its service to changing conditions, 1967 saw the introduction of a new series of policies to take into account the recent increases in short term sickness benefit under National Insurance.

In the Republic of Ireland, disability benefits are available as supplementary benefits under most life insurance policies.

Equity-linked Policy and Bond

The Company introduced in 1967 policies combining the attractions of regular life insurance with those of investment in well-selected ordinary shares. These policies are intended for those with adequate life insurance and who are interested in investment in ordinary shares. The Company has established an Equity Growth Fund, comprising carefully selected shares of well-managed companies. The Company's own investment staff operate an active and progressive investment policy. The value of the Units into which the Fund is divided is calculated month by month from the market value of the shares in the Fund.

The monthly premium Equi-Savings Policy based on the Fund is issued for periods of 15, 20, and 25 years, or to mature at age 65. The Equity Investment Bond, for those who wish to invest a capital sum, is issued for terms of 10, 15, 20, or 25 years. The full amount of each premium secures Units in the Equity Growth Fund. At death or maturity the Sum Assured and accumulated bonuses are payable and, in addition, any capital appreciation of the Units.

Premiums qualify for Income Tax relief as for ordinary life insurance. Among many options is one to defer maturity for any period up to five years, so that the policyholder may exercise his own judgment as to when to take the policy proceeds, bearing in mind actual and potential changes in Unit values.

Summary of Income and Payments

This chart shows the total income and percentage payments for the year of each pound of income. Premiums from policyholders made up 14s 3d of each pound of income and earnings on investments created 5s 9d.

In contrast, 17s 0d of the income pound was either paid to policyholders and beneficiaries directly, or held in trust in reserves to be paid to them later. Operating expenses and taxes accounted for 3s 0d.

INCOME POUND IN 1967

Where it came from

How it was used



Assets

During 1967 the assets of the Canada Life increased by £22 million. Revaluation of dollar assets at \$2·60 to the £1 instead of at \$2·80 as in earlier years, increased them by a further £28 million to the total of £438 million at the end of the year.

During the year the Company continued its policy of investing in debentures, mortgages and common stocks, and placed increasing emphasis on real estate and mortgage investments where the Company obtains some participation in future earnings. With current inflationary trends we are fully aware of the need to protect the real value of our assets, and our investment policy is formulated with this in mind.

Consistent with the Company's practice of making investments in the same countries in which it has policy liabilities, we have again substantially increased our investments in the Republic of Ireland during 1967.

If you would like a list of Stock Exchange Securities (United Kingdom, Republic of Ireland, Canada and United States) included in the Company's assets, please write to the Company at 6, Charles II Street, St. James's Square, S.W.1.

Financial Position at December 31, 1967

ASSETS

Securities (U.K., Republic of Ireland, Canada and U.S.A.)							1967	1966
Government	..	..	..	..	..	£49,944,821		
County and municipal	..	..	..	..	..	20,932,892		
							£70,877,713	£62,806,911
Stocks:								
Debenture..	..	..	..	..	..	£90,354,234		
Preference and guaranteed	..	..	..	..	..	7,259,023		
Ordinary	..	..	..	..	..	28,904,825		
							126,518,082	112,270,171
Loans on policies	..	..	..	..	..	..	31,586,215	26,811,102
Mortgages and other loans	..	..	..	..	..	..	177,984,535	159,444,909
Office buildings and other real estate	..	..	..	..	..	..	15,593,835	13,918,648
Premiums in course of collection and instalment of 1967 premiums not yet due. (Full liability arising therefrom included in liabilities)	..	..	..	..	..	..	7,713,235	7,048,485
Interest and rents:								
Due	..	..	..	..	..	£434,322		
Accrued but not due	..	..	..	..	..	4,110,595		
							4,544,917	4,024,322
Cash	..	..	..	..	..	..	2,000,901	644,599
Other assets	..	..	..	..	..	..	1,692,337	1,438,699
							£438,511,770	£388,407,846

LIABILITIES AND SURPLUS

	1967	1966
Amount required, in addition to future premiums and interest, to provide for payments guaranteed under insurance, annuity and staff pension contracts	£359,026,241	£318,251,945
Benefits in course of payment	3,496,344	3,132,892
Bonuses and other amounts left with the Company	31,101,989	24,136,277
Bonuses to be paid to policyholders in 1968 and subsequent years	10,156,569	9,008,056
Short term borrowings (to take advantage of investment opportunities)	—	1,993,072
Miscellaneous liabilities (including amounts in suspense and provision for accrued taxes and outstanding expenses) ..	5,338,499	6,091,132
Surplus, including £8,418,608 contingent reserves	29,392,128	25,794,472
	<hr/>	<hr/>
	£438,511,770	£388,407,846

The Year's Transactions

WE RECEIVED

	1967	1966
Premiums for insurances and annuities		
First year: Annual	£3,847,825	
Single	7,603,140	
Renewal	38,998,367	
	<hr/>	
Interest, dividends, and rents	£50,449,332	£47,821,687
Bonuses and other amounts left with Company	22,842,283	21,246,456
Staff pension and insurance fund contributions and grants	7,340,291	6,407,773
Profit on sale of assets and recovery of amounts previously written off	316,532	442,127
	609,251	201,383
Increase in surplus at the end of the year due to the revaluation of Canadian and United States dollar assets and liabilities at the rate of \$2·60 to the £ at that date, instead of at the rate of \$2·80 to the £ used previously	2,099,437	<hr/>
	<hr/>	<hr/>
	£83,657,126	£76,119,426

WE PAID OR SET ASIDE FOR FUTURE PAYMENT

To policyholders, annuitants and beneficiaries	1967	1966
Death benefits £10,435,585		
Disability benefits 3,135,091		
Matured endowments 2,876,667		
Annuities 8,831,181		
Cash surrender options 6,792,370		
Bonuses allotted 7,142,171		
	<hr/>	<hr/>
	£39,413,065	£37,324,469
The increase in funds required for future payments guaranteed under insurance, annuity and staff pension contracts	23,371,317	19,162,983
Withdrawal of deposits by trustees of British Isles Division pension funds, for reinvestment	—	1,027,292
Withdrawal of bonuses and other amounts left with the Company	3,762,054	3,744,393
Expenses (administrative, agency, and investment)	10,789,880	10,432,824
Taxes (including U.K. and R. of I. income taxes)	1,405,798	1,159,951
Amounts written off office premises and other assets	1,077,533	1,257,694
Staff pension and insurance fund payments	239,823	257,921
Addition to surplus held as an additional protection for policyholders, annuitants and beneficiaries	3,597,656	1,751,899
	<hr/>	<hr/>
	£83,657,126	£76,119,426

United Kingdom and Republic of Ireland

Chief Office 6 Charles II Street, St. James's Square, London S.W.1

<i>Branch and Departmental Offices</i>	BELFAST CITY	..	41 Malone Road, Belfast BT9 6RX <i>D. J. Unwin, Dr. jur., Resident Secretary</i>
	BIRMINGHAM	..	85 Newhall Street, Birmingham 3 <i>D. F. H. Scroggie, Manager</i>
	BRISTOL	.. ..	Europa House, Queen's Road, Clifton, Bristol 8 <i>G. T. Miller, Manager</i>
	CARDIFF	.. ..	1/3 Fitzalan Place, Cardiff CF2 1UP <i>J. G. Gôut, Manager</i>
	CENTRAL IRELAND	..	27 Church Street, Athlone <i>M. A. Madigan, Manager</i>
	CORK	.. ..	44 Patrick Street, Cork <i>T. F. O'Gorman, Manager</i>
	CROYDON	.. ..	33 George Street, Croydon CRO 1LB <i>T. Barlow, Manager</i>
	DUBLIN	.. ..	Grafton Buildings, Grafton Street, Dublin 2 <i>H. Ellis, B.L., Manager</i>
	EDINBURGH	.. ..	10 Dundas Street, Edinburgh 3 <i>A. J. R. Sanderson, Resident Secretary</i>
	GLASGOW	.. ..	121 West George Street, Glasgow C.2 <i>R. T. McMillan, Manager</i>
	HULL	.. ..	Exchange Court, Bowlalley Lane and Lowgate, Hull <i>W. A. H. Proctor, Manager</i>
	LANGHAM	.. ..	5 Wigmore Street, London W.1 <i>H. J. Slagter, Manager</i>

LAW COURTS	..	..	..	..	Chancery House, Chancery Lane, London W.C.2 <i>T. B. M. Flack, Manager</i>
LEEDS	..	..	..	..	City House, Leeds 1 <i>J. F. Cowan, Manager</i>
LIVERPOOL	..	..	..	..	Cunard Buildings, Pierhead, Liverpool 3 <i>B. J. Seward, Manager</i>
LONDON	..	..	..	..	20 Savile Row, London W.1 <i>K. B. Wills, Manager</i>
MANCHESTER	..	..	..	..	26 Brown Street, Manchester 2 <i>H. A. Stadames, Manager</i>
NEWCASTLE UPON TYNE	..	..	..	..	Grainger Chambers, Hood Street, Newcastle NE1 6LH <i>H. Riseborough, Manager</i>
NORTHERN IRELAND..	..	..	..	..	41 Malone Road, Belfast BT9 6RX <i>M. MacCormack, Manager</i>
NOTTINGHAM	..	..	..	..	3 King Street, Nottingham NG1 2BH <i>C. Cropper, Manager</i>
PLYMOUTH	..	..	..	..	47 Mutley Plain, Plymouth <i>R. F. Frost, Manager</i>
SOUTHAMPTON	..	..	..	..	169A High Street, Southampton SO1 OBY <i>H. H. Beavers, Manager</i>
SOUTH MIDLANDS	..	..	..	..	Griffin House, 18 Ludgate Hill, Birmingham 3 <i>M. S. Flower, Manager</i>
WEST LONDON	..	..	..	..	Bilton House, 54-58 Uxbridge Road, London W.5 <i>D. J. Godding, A.C.I.I., Manager</i>
ESTATE SERVICE DEPT.	..	..	..	..	6 Charles II Street, London S.W.1 <i>D. H. Highton, Manager</i>
INVESTMENT DEPT.	..	..	..	..	Chancery House, Chancery Lane, London W.C.2 <i>W. Mackenzie, M.A., Resident Treasurer</i>
MARKETING DEVELOPMENT	..	..	..	..	6 Charles II Street, London S.W.1 <i>W. P. McGrath, D.S.M., Manager</i>
POLICYHOLDERS' SERVICE DEPT., DUBLIN					Grafton Buildings, Grafton Street, Dublin 2 <i>D. A. Stevenson, Resident Secretary</i>

To serve you

The preparation of an effective and economical arrangement of life insurance to achieve maximum benefits requires careful appraisal of all the circumstances, extensive knowledge of life insurance, and skill in applying it. The Canada Life, therefore, in providing security through an extensive range of policies and an unlimited variety of composite arrangements of life insurance, places before its policy-holders the best possible professional advice and guidance on all life insurance matters.

This service is given exclusively through the Company's own organisation of carefully selected, qualified, and highly competent representatives.

The Canada Life is represented throughout the United Kingdom and Ireland through its extensive Branch Office organisation. Our representatives are qualified to give responsible advice by reason of the thorough and continuing training which they receive. These men and

women are dedicated to their vocation. They take keen pride in giving a highly professional service, and in further extending their technical knowledge and professional competence.

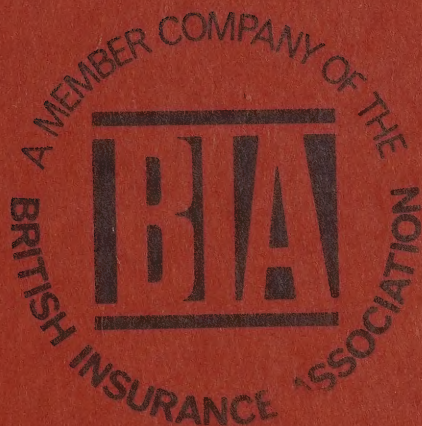
With the continuing growth of your Company there are excellent career opportunities for men and women in all parts of the Company's organisation. As a mutual Company we welcome the introduction of people whom our policyholders are pleased to recommend.

"The progress as shown in the figures in our Annual Report each year is truly a tribute to the members of the staff of this Company. You present here today, and your associates across the North American continent, in the United Kingdom and the Republic of Ireland are the unrecorded assets that provide the human service to our policyholders and make the Canada Life a living entity. On behalf of the Directors and policyholders I would like to express our heart-felt appreciation to all of you."

Mr. GRAHAM F. TOWERS, C.M.G., LL.D., D.C.L.
*Chairman of the Board at the 121st Annual Meeting
of the Canada Life.*

Every holder of a Canada Life participating policy under which no premiums are due and unpaid is entitled to attend General Meetings of the Company and to vote in person or by proxy. Forms for naming a proxy may be obtained by writing to the Head Office in Toronto. The person named as proxy must himself be a policyholder entitled to vote at meetings of the Company, and to be valid proxy forms must be filed with the Secretary at the Head Office at least ten days before a meeting at which the proxy is to be used. A policyholder may revoke his proxy at any time. The Annual Meeting of the Canada Life is held at the Head Office of the Company on the last Thursday of January in each year.

You may receive more than one copy of this report if there are additional policies in force on members of your household. The cost of sorting out all duplications would far exceed material and postage costs.



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